GOVERNMENT OF INDIA
MINES
LOK SABHA

UNSTARRED QUESTION NO:1233
ANSWERED ON:09.02.2017
Service Tax on Royalties Paid by Mining Companies
Chandrakasi Shri M.

Will the Minister of MINES be pleased to state:

(a) whether the Union Government has imposed levy of a service tax on royalties paid by mining companies for use of resources from the year 2016-17 as proposed by Central Board of Excise and Customs, if so, the details thereof;

(b) the impact of the additional tax burden on mining companies and productivity in the mining sector; and

(c) the extent of inflationary pressure on the economy due to the said tax and the steps proposed to be taken to alleviate its impact on common man?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER, COAL, NEW & RENEWABLE ENERGY AND MINES (SHRI PIYUSH GOYAL)

(a): With effect from 01.04.2016, services provided by the Government or a local authority to a business entity are taxable. Thus, the service provided by Government by way of assignment of right to mine against consideration in the form of royalty has become taxable with effect from 01.04.2016.

(b): There is no additional tax burden on mining companies because the mining companies would be entitled to get input tax credit of the Service Tax payable on such services.

(c): Does not arise in view of reply to part (a) & (b) above.

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